

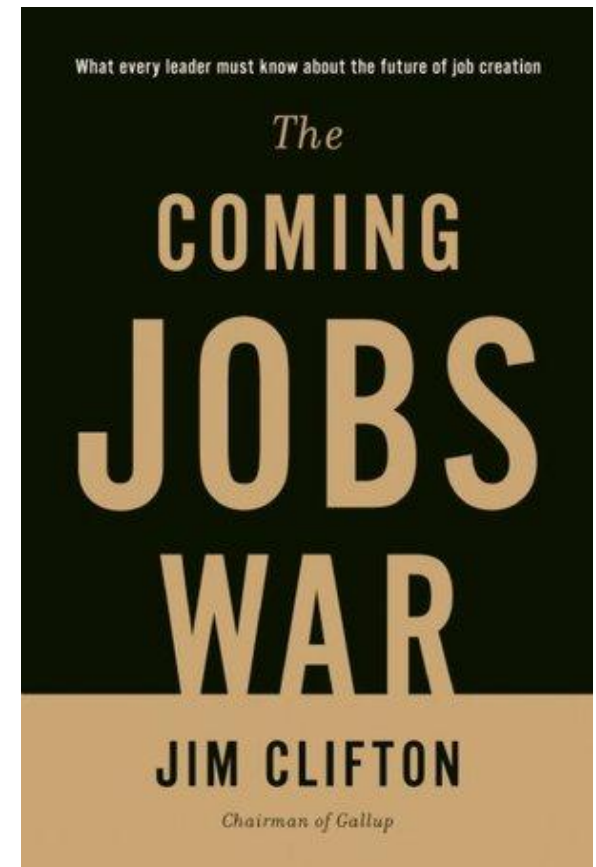
Making Kentucky **STRONGER BY DEGREES**



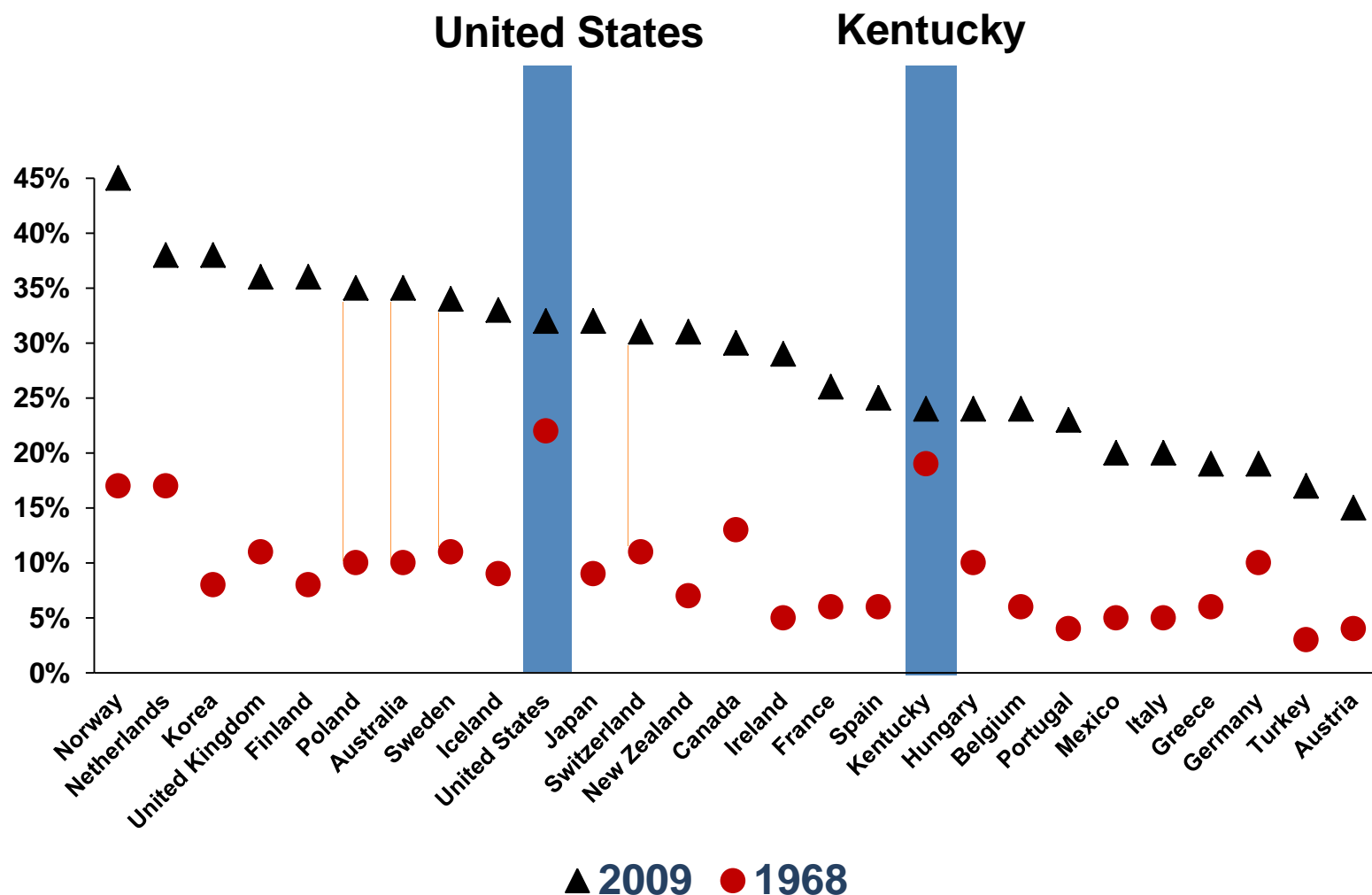
**Presentation to the Kentucky Board of Student Body Presidents
by Robert L. King, CPE President
January 26, 2013**

A Global War for Good Jobs is Coming.

- 3 billion people reported to Gallup they want a job that consumes at least 30 hours per week, and by implication pays a living wage.
- Only 1.2 billion jobs in the world currently fit that description.
- As the foreign workforce becomes more educated, competition for jobs will be fierce.

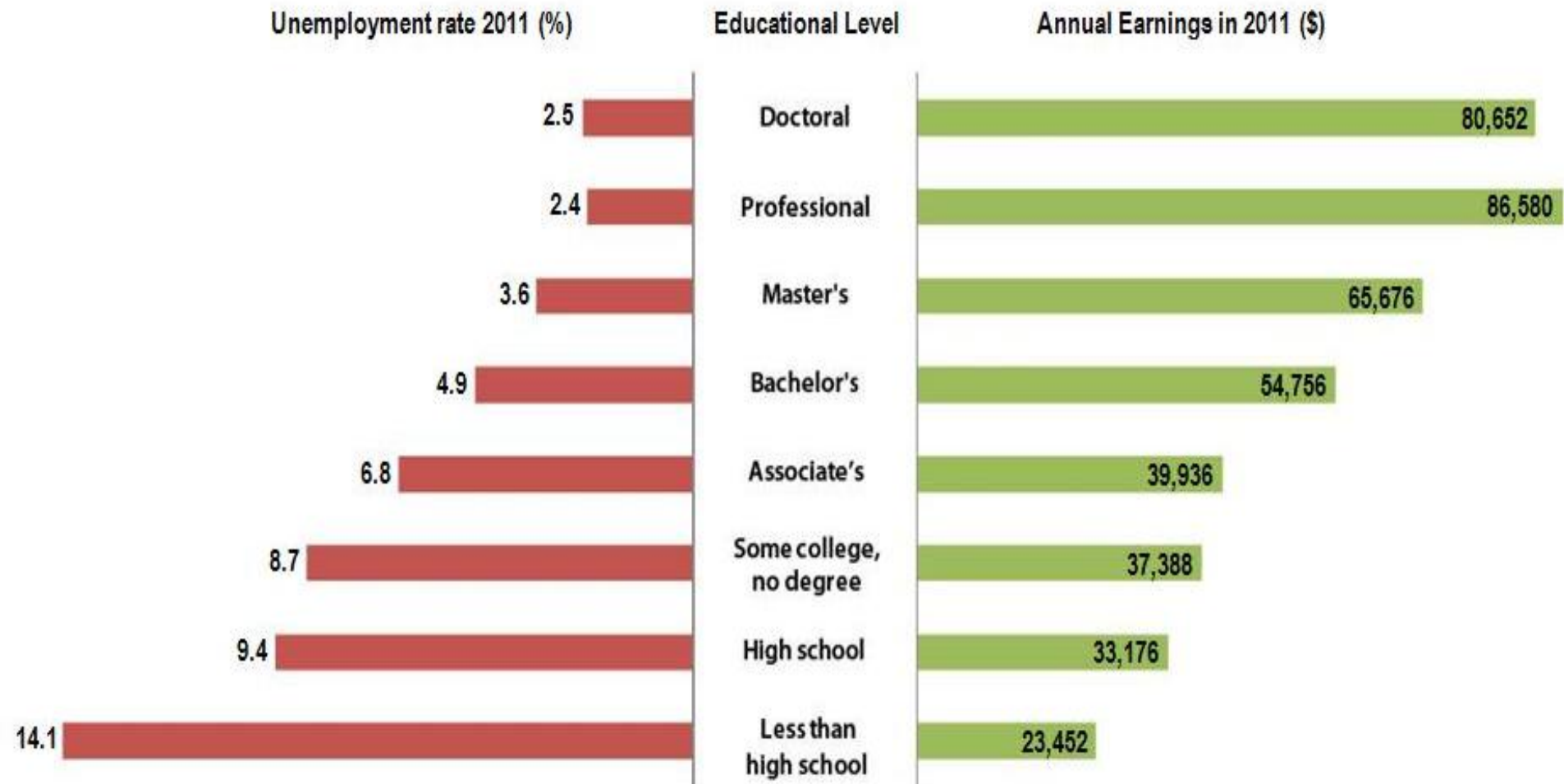


Baccalaureate Attainment, 25-34 Age Cohort, 1968 and 2009



Education Pays

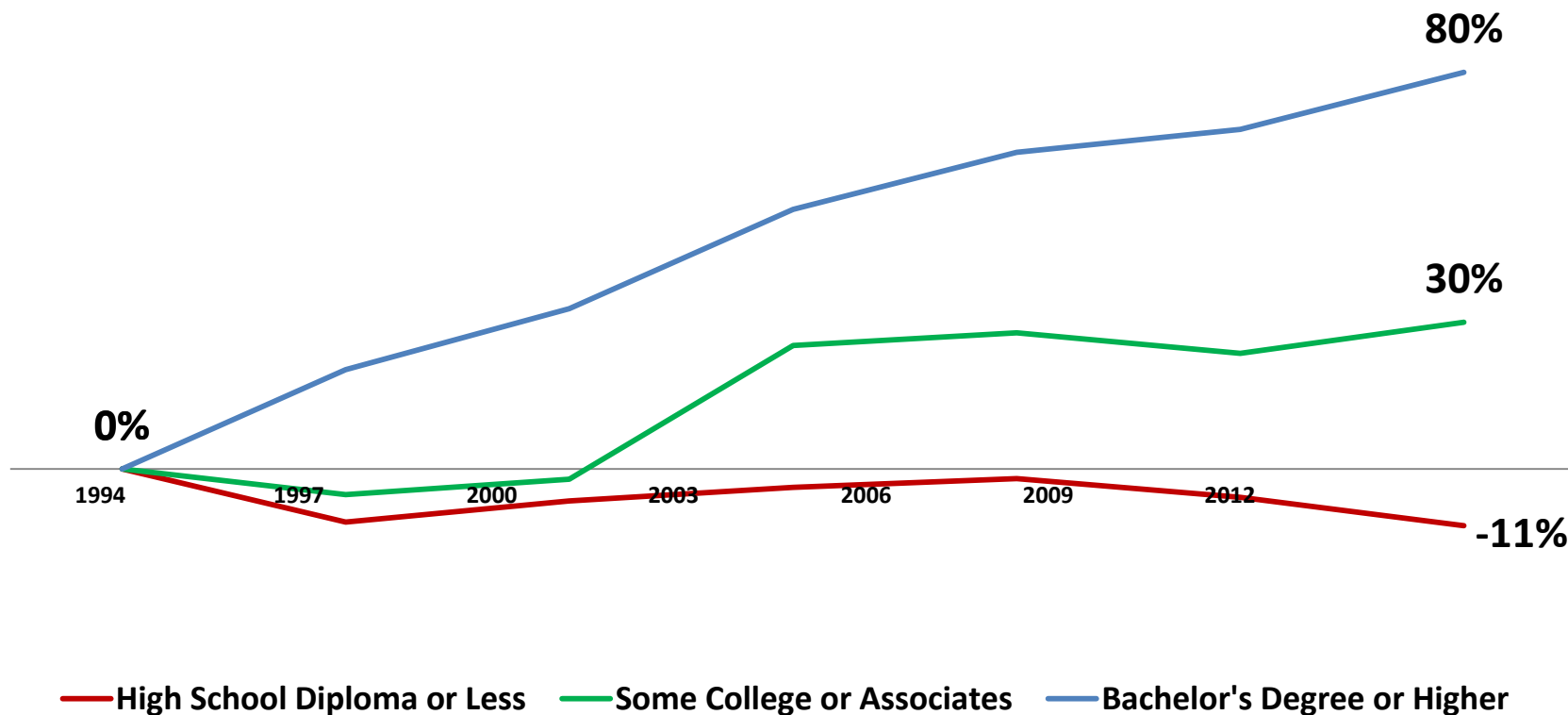
National Unemployment/Annual Earnings by Education Level



Source: Bureau of Labor Statistics, Current Population Survey.



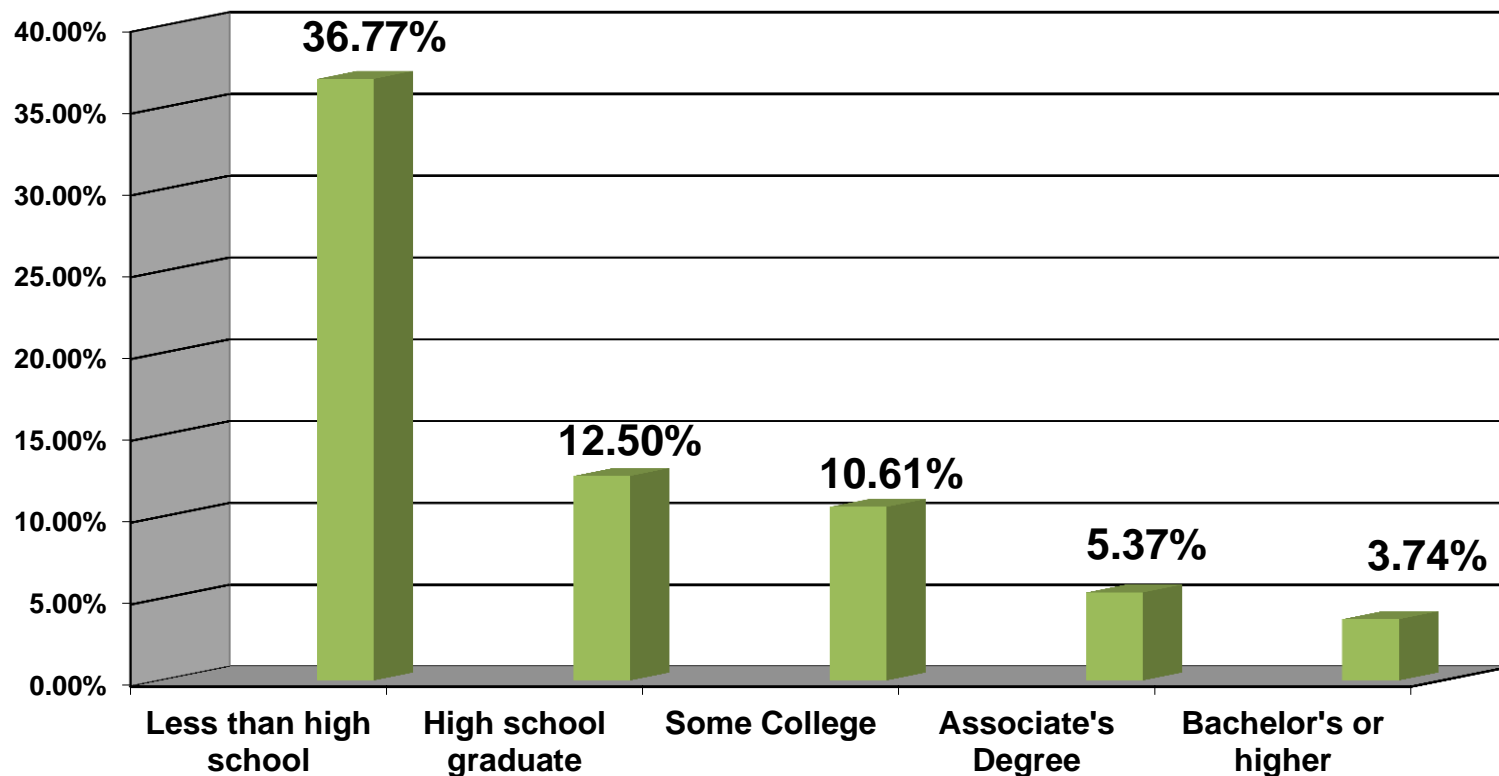
Job Growth in Kentucky by Education Level



Source: Kentucky Council on Postsecondary Education. Estimate using Current Population Survey (CPS) data (1994-2012). Employment includes those classified as Employed-at work. Each year is an average of Jan., Apr., and Aug. data.



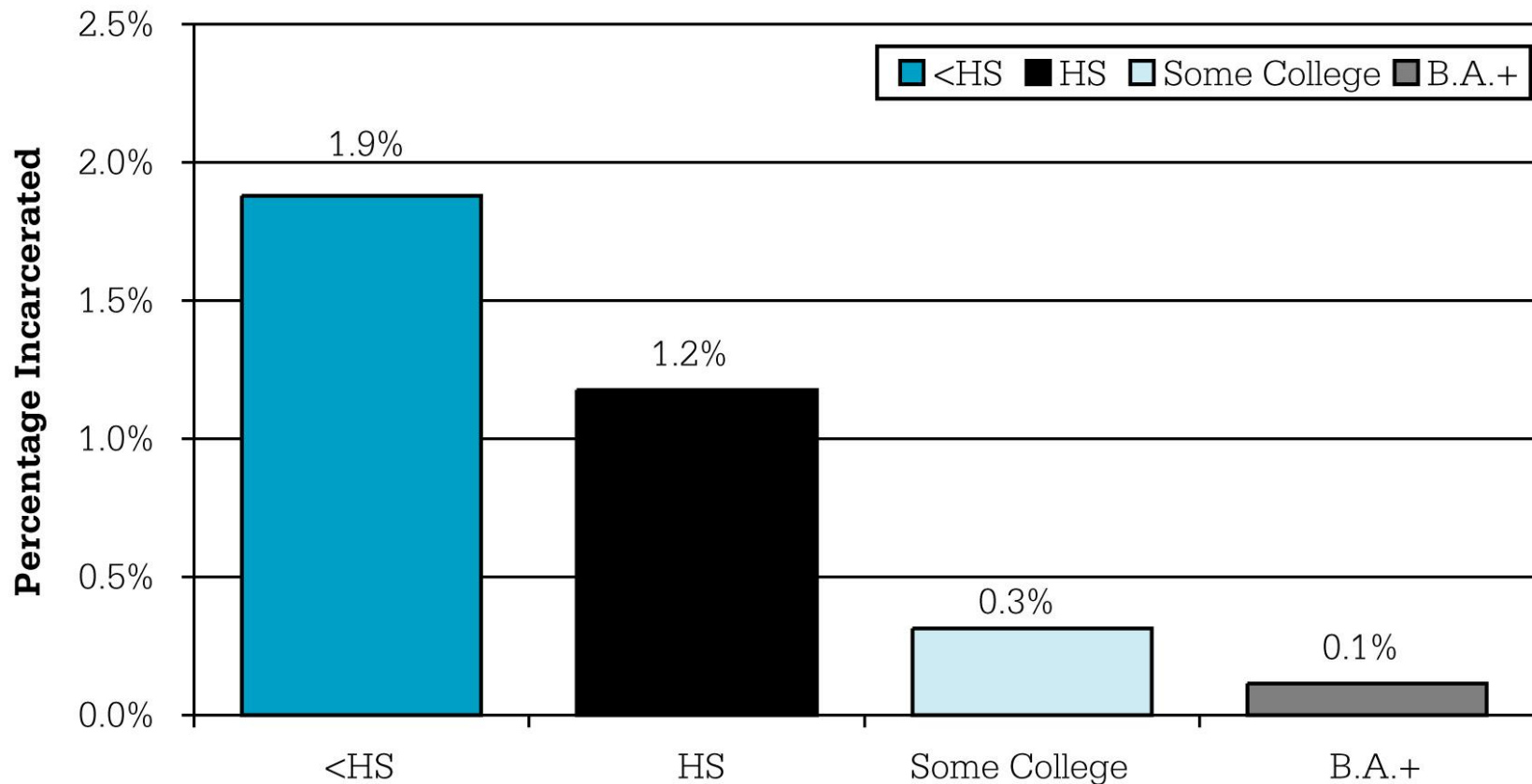
Percentage of Kentucky Population on Medicaid by Education Levels



Source: March 2012 Current Population Supplement, Current Population Survey, (CPS).

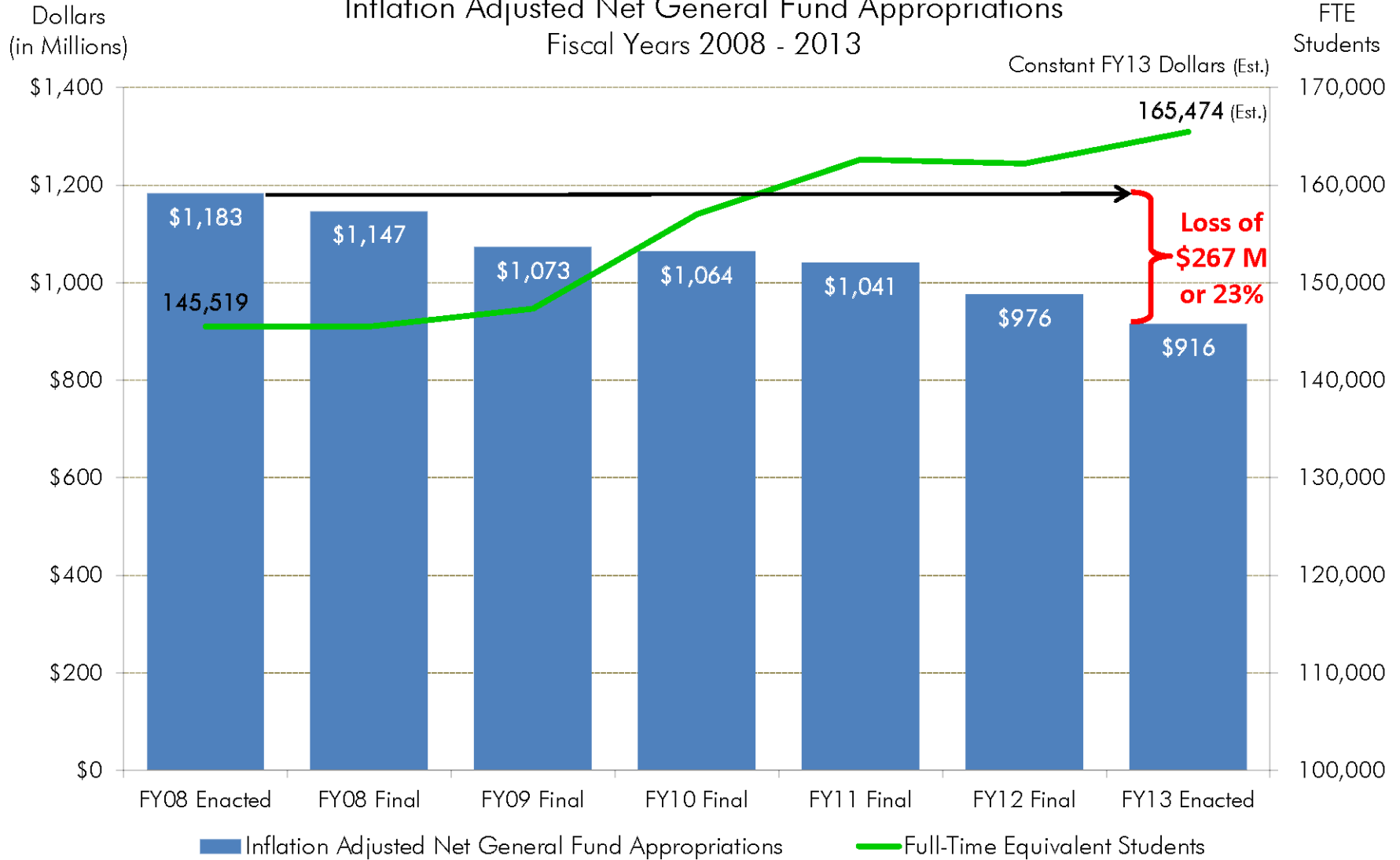


Incarceration Rates by Education Levels



Source: Harlow, C.W. (2003). *Education and Correctional Populations*. Bureau of Justice Statistics, Department of Justice. NCJ195670.

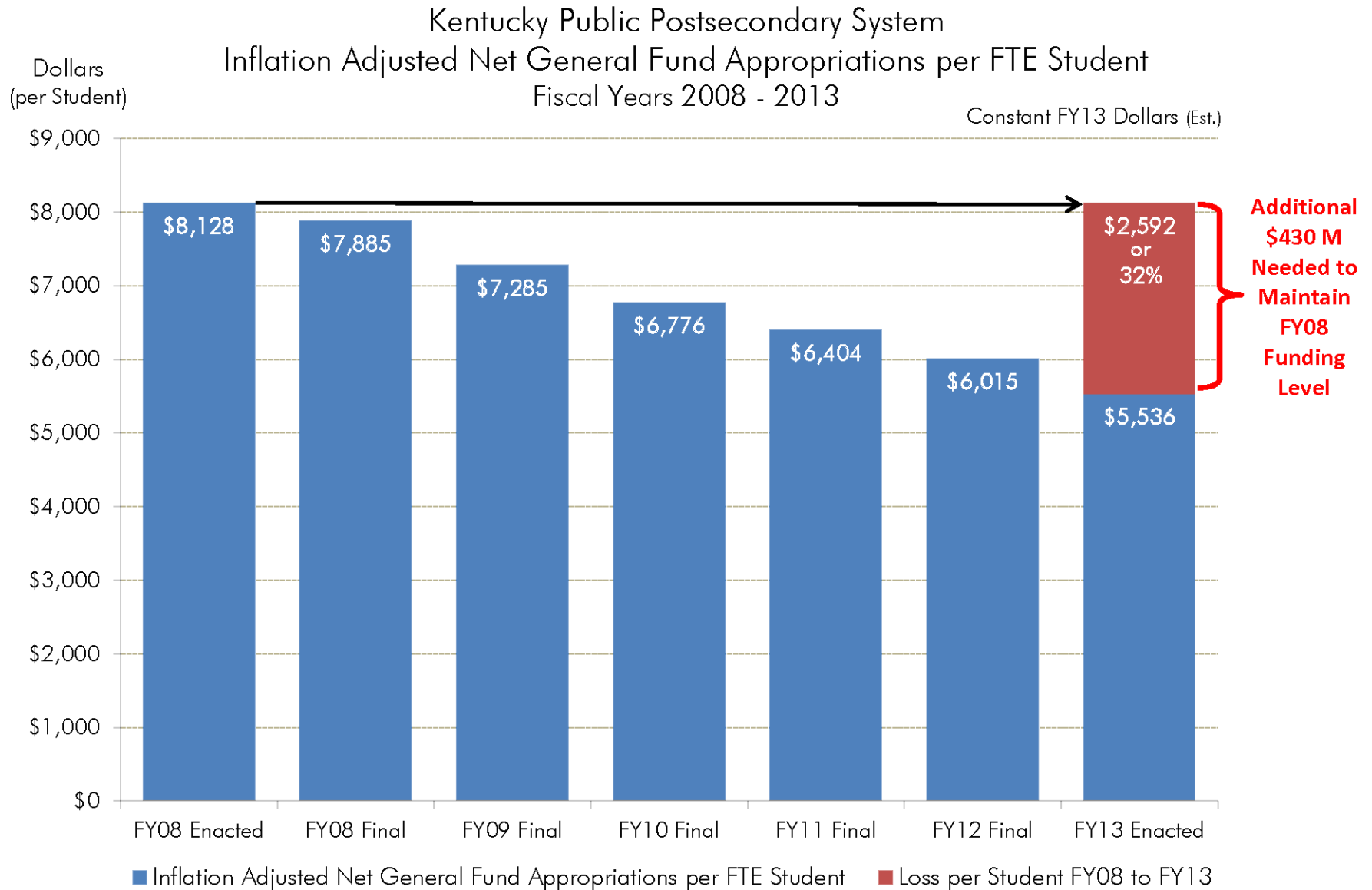
Kentucky Public Postsecondary System Inflation Adjusted Net General Fund Appropriations Fiscal Years 2008 - 2013



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.





Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; and 1.7% increase in inflation in FY13.

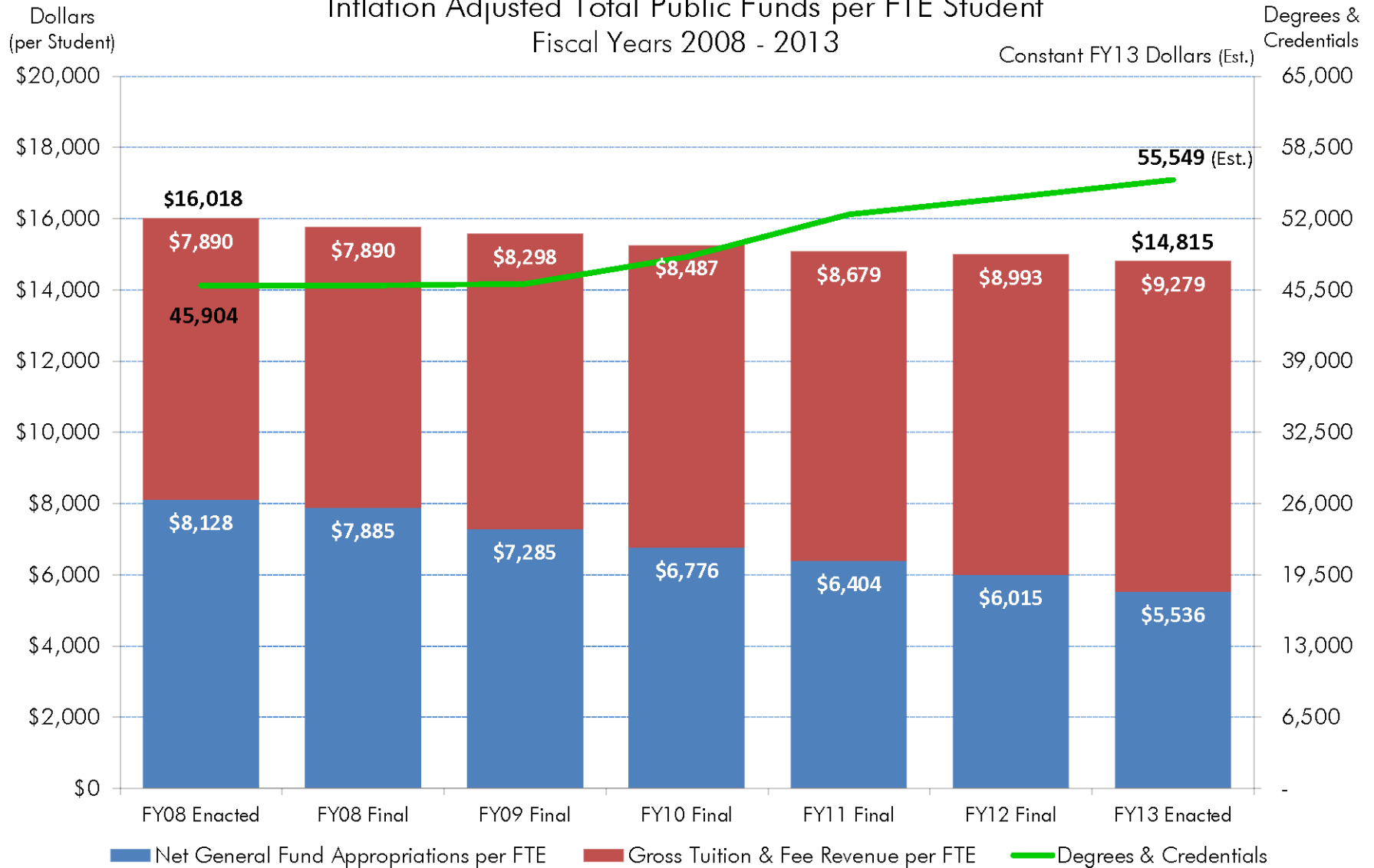


Kentucky Public Postsecondary System

Inflation Adjusted Total Public Funds per FTE Student

Fiscal Years 2008 - 2013

Chart 3



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database; Commonfund Institute, Higher Education Price Index (HEPI).

Assumptions: 2.0% enrollment growth; 1.7% increase in inflation; 7.0% tuition and fee revenue growth; and 3.0 % increase in degrees in FY13.

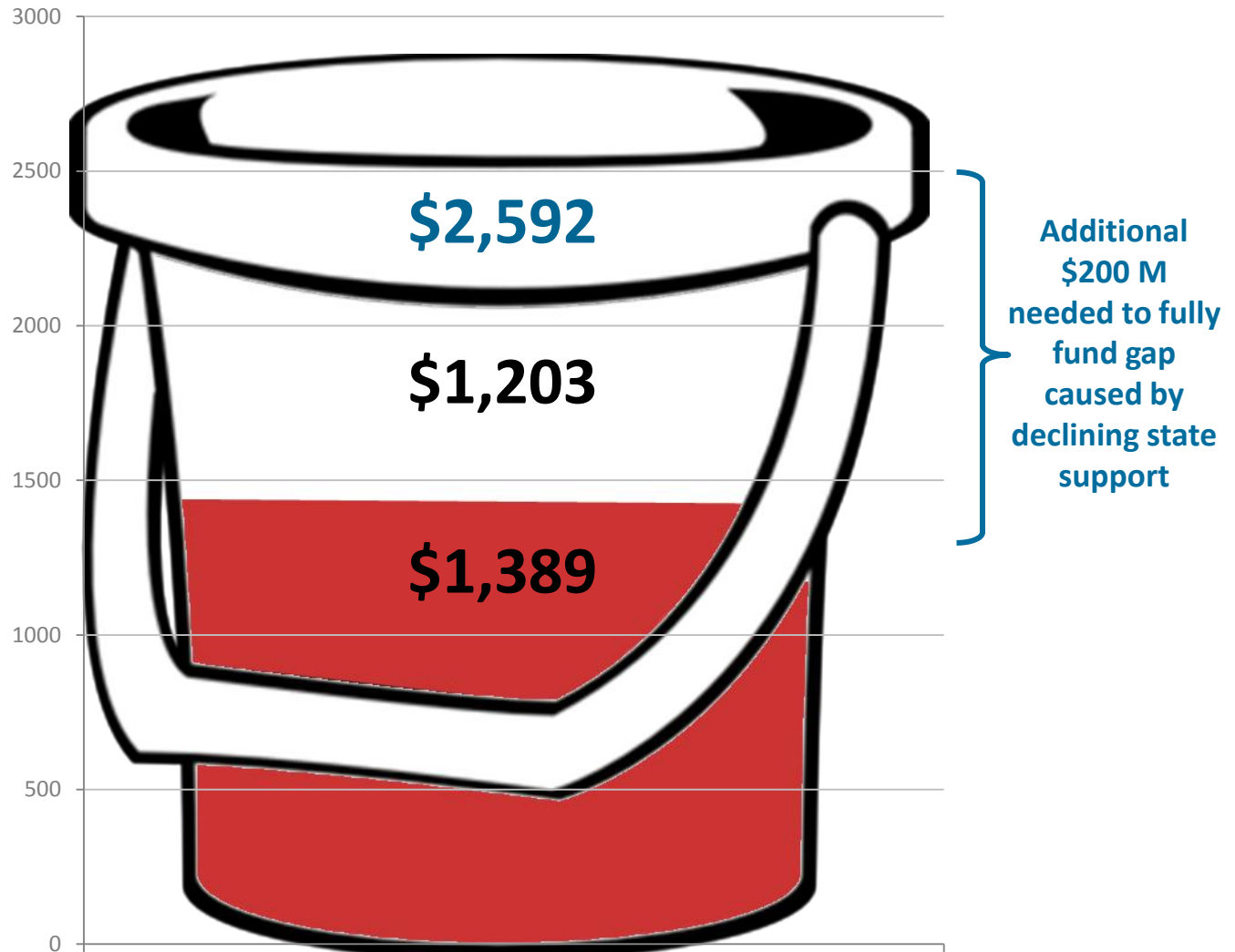
Kentucky Public Postsecondary System

Unfunded Budgetary Gap Caused by Declining State Support

Fiscal Years 2008 – 2013, in Dollars Per Student

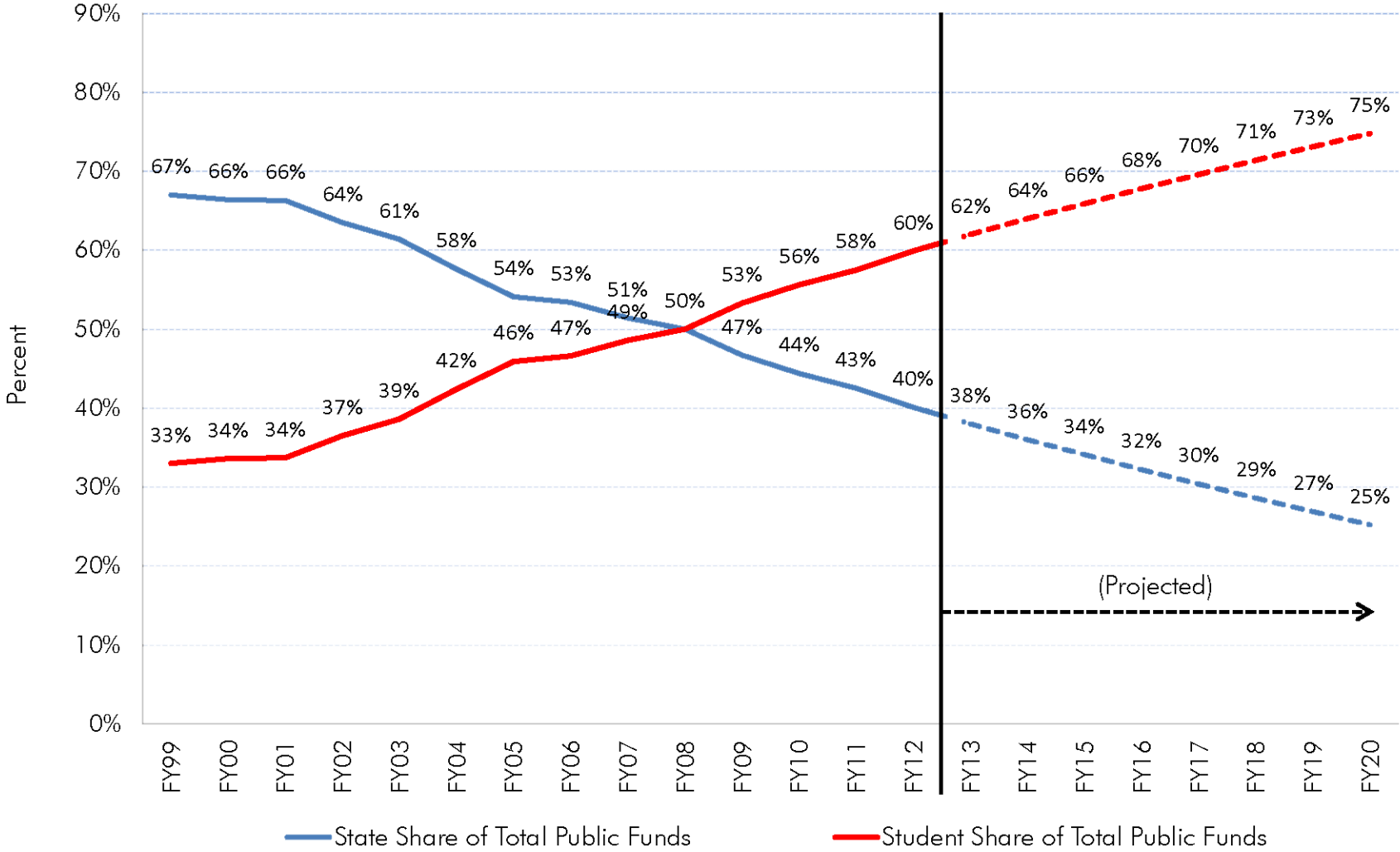
Unfunded budgetary gap caused by declining state support and limited tuition and fee increases between FY08 and FY13.

Increase in inflation adjusted gross tuition and fee revenue per FTE student between FY08 and FY13.



Decrease in Inflation Adjusted Net General Fund Appropriations per FTE Student between FY08 and FY13

Kentucky Public Postsecondary System
Change in State & Student Shares of Total Public Funds
Fiscal Years 1999 - 2020

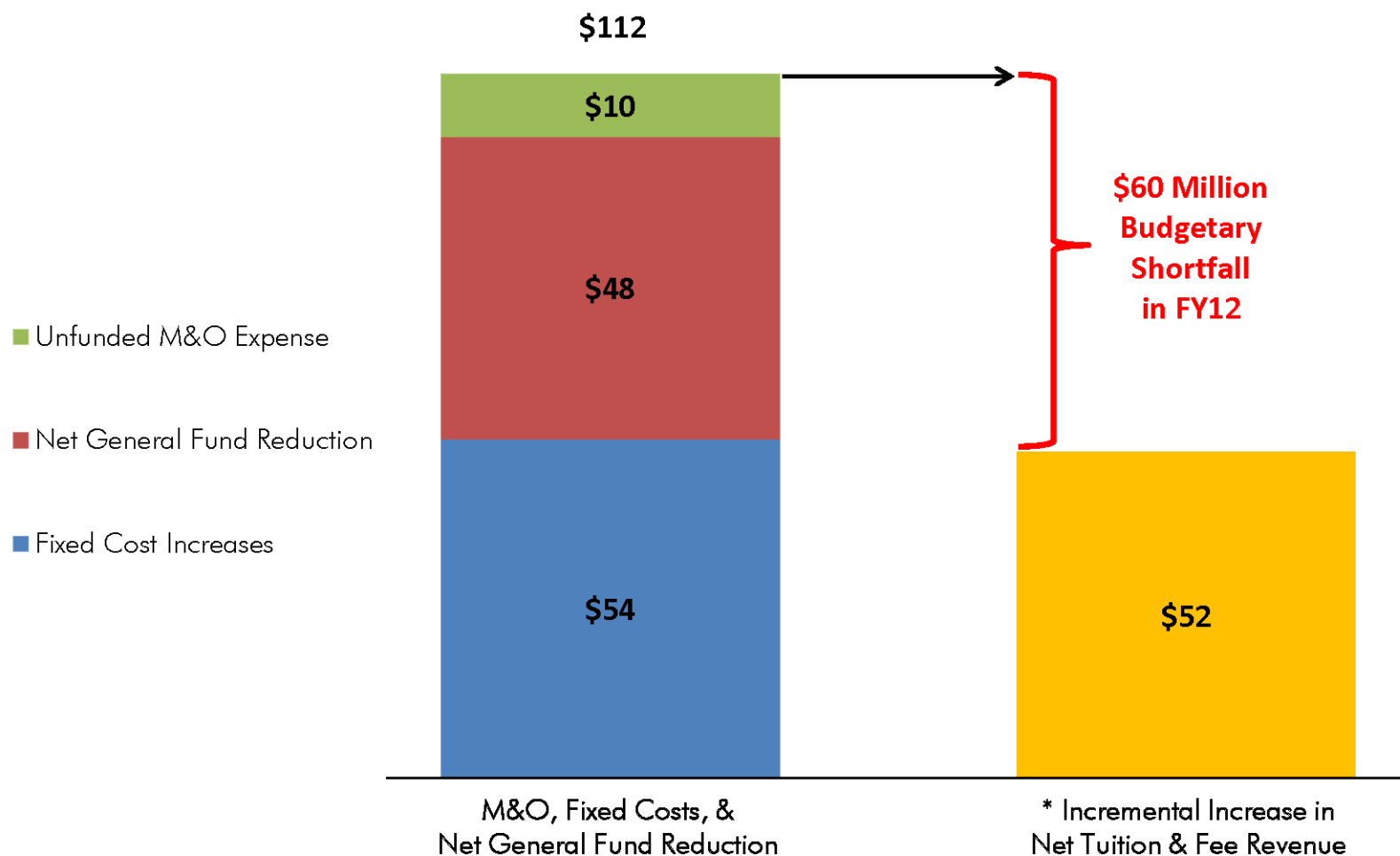


Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

State Share = Net General Fund Appropriations ÷ Total Public Funds
Student Share = Gross Tuition & Fee Revenue ÷ Total Public Funds

Kentucky Public Postsecondary System
Institutional Operating Funds Budgetary Shortfall
Fiscal Year 2011-12

(Dollars in Millions)



Sources: Kentucky Budget of the Commonwealth; CPE Comprehensive Database.

* Incremental increase in FY12 gross tuition & fee revenue, net of institutional scholarships & fellowships projected @ 25% of gross.



Kentucky Public Postsecondary Institutions

Estimated Budgetary Impact of 6.4% Net Base Reduction and Fixed Cost Increases

Potential Reductions in 2012-13 Funds Available for Instruction

Institution	2011-12 ^(a) Adjusted Net GF Baseline	Governor's ^(a) Recommended Budget Reduction to Net Base	Increase in ^(a) KERS & KTRS Contributions	Other Fixed ^(b) Cost Increases	Increase in ^(b) M&O Costs for New Facilities	Total Potential Reductions
University of Kentucky	\$303,199,200	(\$19,404,700)	\$0	(\$17,297,800) ^(c)	(\$6,721,300)	(\$43,423,800)
University of Louisville	150,849,100	(9,654,300)	-	(17,023,400) ^(c)	(6,976,200)	(33,653,900)
Eastern Kentucky University	72,221,000	(4,622,100)	(902,300)	(3,327,500)	(3,898,000)	(12,749,900)
Kentucky State University	25,146,800	(1,609,400)	(92,000)	(825,600)	(770,300)	(3,297,300)
Morehead State University	43,820,900	(2,804,500)	(503,600)	(3,577,800)	(2,924,300)	(9,810,200)
Murray State University	51,288,200	(3,282,400)	(562,400)	(2,588,400)	(762,600)	(7,195,800)
Northern Kentucky University	50,037,500	(3,202,400)	(1,200,000)	(2,928,800)	(4,393,900)	(11,725,100)
Western Kentucky University	77,377,300	(4,952,100)	(718,000)	(3,520,000)	(3,299,400)	(12,489,500)
KCTCS	204,706,700	(13,101,200)	(995,100)	(6,032,500)	(8,538,100)	(28,666,900)
System Totals	\$978,646,700	(\$62,633,100)	(\$4,973,400)	(\$57,121,800)	(\$38,284,100)	(\$163,012,400)

^(a) Sum of 2011-12 revised net General Fund and Ed Jobs restoration funds, but also includes a technical adjustment transferring \$160,000 from KCTCS to UK and ECU in amounts of \$80,000 each. The \$160,000 had been included in KCTCS's budget for a number of years to support a physical therapy program, but KCTCS had been transferring the funds to UK and ECU each year.

^(b) The Governor's Executive Budget contains a proposed 6.4% reduction in General Fund appropriations to Kentucky public postsecondary institutions.

^(c) Increase in employer retirement contributions and health insurance premiums associated with KERS and KTRS rate increases.

^(d) Estimated increase in selected fixed costs such as utilities, contractual obligations, workmen's compensation, and unemployment compensation.

^(e) UK and UofL do not participate in KERS or KTRS. Anticipated increases in employer retirement contributions and health insurance premiums at UK and UofL are included in the "Other Fixed Cost Increases" column.

^(f) Increase in Maintenance and Operations (M&O) costs for new E&G facilities coming on-line in 2008-09, 2009-10, 2010-11, 2011-12, and 2012-13.



Kentucky Public Postsecondary Institutions

Estimated Increase in Net Tuition and Mandatory Fee Revenue at Different Levels of Rate Increase

Estimated Increase in Net Tuition and Mandatory Fee Revenue at Different Levels of Rate Increase ⁽ⁱ⁾⁽ⁱⁱ⁾

Institution	Uniform Increases Across Sectors		
	Tuition Revenue @ 3% Increase	Tuition Revenue @ 5% Increase	Tuition Revenue @ 7% Increase
University of Kentucky	\$6,726,900	\$11,211,500	\$15,696,100
University of Louisville	4,059,600	6,766,000	9,472,400
Eastern Kentucky University	1,941,300	3,235,500	4,529,700
Kentucky State University	573,000	955,000	1,337,000
Morehead State University	1,423,200	2,372,000	3,320,800
Murray State University	1,874,700	3,124,500	4,374,300
Northern Kentucky University	2,400,000	4,000,000	5,600,000
Western Kentucky University	3,242,400	5,404,000	7,565,600
KCTCS	3,300,000	5,500,000	7,700,000
System Totals	\$25,541,100	\$42,568,500	\$59,595,900

⁽ⁱ⁾ Incremental increase in gross tuition and fee revenue, net of institutional scholarships and waivers. Assumes flat student enrollment growth and equivalent levels of rate increase across all categories of students (i.e., every academic level, residency, and full-time/part-time status) under each rate level scenario.

⁽ⁱⁱ⁾ At most institutions, a proportion of tuition and mandatory fee revenue is designated as restricted funds and cannot be used to cover fixed cost increases.



Making Kentucky **STRONGER BY DEGREES**



**Presentation to the Kentucky Board of Student Body Presidents
by Robert L. King, CPE President
January 26, 2013**